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Tennessee Department of Revenue
**Back-to-School Supplies, Clothing, and
 Computers**
**Tax-Exempt During Tennessee's
 First Sales Tax Holiday**

In August of this year, Tennessee will hold its first annual sales tax holiday, giving shoppers the opportunity to purchase certain school supplies, computers and clothing tax-free for a specific period of time, beginning at 12:01 a.m. on Friday, Aug. 4 and ending at 11:59 p.m. on Sunday, Aug. 6.

As you plan for the 2006-2007 school year, you may want to let your students and parents know in advance what items they will need for school next fall. Items exempt from tax during the three-day holiday include the following:

<u>School Supplies</u> <i>(\$100 or less per item)</i>		<u>Clothing</u> <i>(\$100 or less per item)</i>	<u>Computers</u> <i>(\$1,500 or less)</i>
Binders	Index Card Boxes	Boots	Computer CPU
Backpacks	Legal Pads	Coats/Jackets	Monitor
Bookbags	Lunch Boxes	Dresses	Keyboard
Blackboard Chalk	Markers	Ear Muffs	Mouse
Calculators	Notebooks	Gloves/Mittens	Connecting Cables
Cellophane Tape	Paper	Gym Suits/Uniforms	Notebook computers
Compasses	Pencil & School Supply Boxes	Hats	Laptop computers
Composition Books	Pencils	Jeans/Pants	Preloaded software
Crayons	Pencil Sharpeners	Neckties	
Erasers	Pens	Nightgowns	
Folders	Protractors	Pajamas	
Glue, Paste, and Glue Sticks	Rulers	Ponchos	
Highlighters	Scissors	Raincoats	
Index Cards	Writing Tablets	Robes	
		School Uniforms	
		Shawls	
		Shirts	
		Shoes/Socks	
		Undergarments	

School supplies are defined as items used by a student in a course of study. Specifically excluded are items such as art supplies and instructional material, including reference books and school computer supplies (compact discs, printers, and printer ink).

Exempt **clothing** is defined as human wearing apparel for general use. It excludes accessories such as jewelry or bags, protective equipment, and sports and recreational equipment such as baseball gloves.

Computers with preloaded software and components purchased with the computer are also exempt. Computers and their components must be purchased as a system. Individual computer parts and accessories, and software that is not preloaded on the computer, do not qualify for the exemption. PDAs and MP3 players also do not qualify for exemption.

Additionally, exemptions do not apply to items used in a **trade or business**, or to **items that are rented**.

Layaway sales qualify for the exemption if final payment is made and the property is given to the purchaser during the holiday **or** if the layaway order is made during the holiday even if delivery is made after the holiday ends.

More information from the Department of Revenue is available from the following sources:

- Web site: www.Tennessee.gov/revenue
- E-mail: salestax.holiday@state.tn.us
- Telephone: **(800) 342-1003** 8 a.m. - 5 p.m., CST, Monday through Friday
Special telephone hours for Sales Tax Holiday:
Saturday, Aug. 5: 7 a.m. to 7 p.m., CST
Sunday, Aug. 6: 10 a.m. to 6 p.m., CST